

IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF DELAWARE

---

J. MICHAEL CHARLES, MAURICE W. WARD,	:	
JR., and JOSEPH I. FINK, JR., on behalf of	:	
themselves and all others similarly situated,	:	
	:	CIVIL ACTION
Plaintiffs,	:	
	:	
v.	:	NO. 05-00702 (SLR)
	:	
PEPCO HOLDINGS, INC., CONECTIV, and	:	
PEPCO HOLDINGS RETIRMENT PLAN,	:	
	:	
Defendants.	:	

---

**APPENDIX TO  
DEFENDANTS' JOINT REPLY BRIEF IN SUPPORT  
OF THEIR MOTION FOR SUMMARY JUDGMENT  
AND ANSWERING BRIEF IN OPPOSITION TO PLAINTIFFS'  
CROSS-MOTION FOR PARTIAL SUMMARY JUDGMENT**

M. Duncan Grant (Del Bar No. 2994)  
Phillip T. Mellet (Del Bar No. 4741)  
PEPPER HAMILTON LLP  
Hercules Plaza, Suite 5100  
1313 N. Market Street  
P.O. Box 1709  
Wilmington, DE 19899-1709  
302.777.6500

Susan Katz Hoffman, Esquire  
LITTLER MENDELSON, P.C.  
Three Parkway  
1601 Cherry Street  
Philadelphia, PA 19102  
267.402-3015 (telephone)  
267.430.7275 (fax)

Larry R. Wood, Jr. (Del Bar No. 3262)  
Kay Kyungsun Yu  
Barak A. Bassman  
PEPPER HAMILTON LLP  
3000 Two Logan Square  
Eighteenth and Arch Streets  
Philadelphia, PA 19103-2799  
215. 981.4000 (telephone)  
215.981.4750 (fax)

Dated: August 3, 2007

Attorneys for Defendants

**TABLE OF CONTENTS**

Excerpts from the Deposition of Claude Poulin 7/27/07 .....	C-1 to C-6
Affidavit of Claude Poulin, F.S.A., E.A. ....	C-7 to C-31
Delmarva Power & Light Company Retirement Plan (as amended and restated through January 1, 1995).....	C-32 to C-86
Atlantic City Electric Company Retirement Plan As Amended and Restated Effective January 1, 1994.....	C-87 to C-134
Conectiv Unanimous Consent of Directors in Lieu of a Meeting March 1, 1998 .....	C-135 to C-180
Excerpts from Deposition of Donald Cain 4/17/07 .....	C-181 to C-184
Declaration of Karen E. Francks.....	C-185 to C-236
Excerpts from Deposition of Benjamin Wilkinson 4/4/07 .....	C-237 to C-240
Conectiv Total Rewards.....	C-241 to C-258

00001

1 UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF DELAWARE

2

3 J. MICHAEL CHARLES; MAURICE W.  
WARD, JR.; and JOSEPH I. FINK, JR.,

4 on behalf of themselves and  
all others similarly situated,

5 Plaintiff

V C.A. No. 05-702(SLR)

6

PEPCO HOLDINGS, INC.; CONECTIV, and  
7 PEPCO HOLDINGS RETIREMENT PLAN,  
Defendants

8 - - -

9 THOMAS S. TROUP, on behalf of himself  
and all others similarly situated,

10 Plaintiff

11 V C.A. No. 06-10(SLR)

12 PEPCO HOLDINGS, INC.; CONECTIV, and  
PEPCO HOLDINGS RETIREMENT PLAN,

13 Defendants

14

15 Oral deposition of CLAUDE

16 POULIN, taken at the law offices of

17 Pepper Hamilton LLP, 3000 Two Logan

18 Square, Eighteenth and Arch Streets,

19 Philadelphia, Pennsylvania, on

20 Friday, July 27, 2007, commencing at

21 approximately 9:09 a.m., before

22 Barbara McKeon Quinn, a Registered

23 Merit Reporter and Notary Public,

24 pursuant to notice.

00002

1 APPEARANCES:

2 JAMES R. MALONE, ESQUIRE

jamesmalone@chimicles.com

3 JOSEPH G. SAUDER, ESQUIRE

josephsauder@chimicles.com

4 CHIMICLES & TIKELLIS LLP

One Haverford Centre

5 361 West Lancaster Avenue

Haverford, Pennsylvania 19041

6 610-642-8500

Counsel for Plaintiff

7

KAY KYUNGSUN YU, ESQUIRE

8 yukay@pepperlaw.com

PEPPER HAMILTON LLP

9 3000 Two Logan Square

18th & Arch Streets

10 Philadelphia, Pennsylvania 19103

215-981-4000

11 and

SUSAN KATZ HOFFMAN, ESQUIRE

12 shoffman@littler.com

LITTLER MENDELSON

13 Three Parkway

1601 Cherry Street

14 Suite 1400

Philadelphia, Pennsylvania 19102

15 Counsel for Defendant

16 ALSO PRESENT:

17 Barbara C. Alexander, Esquire

Ethan E. Kra, Ph.D., FSA

18

19

20 EXAMINATION INDEX

21 CLAUDE POULIN

BY MS. YU 5

22 BY MR. MALONE 263

23

24

00172

1 Q. Is this regulation

2 applicable to the four-thirds test?

3 A. I'm sorry?

4 Q. Is this regulation

5 applicable to the four-thirds test?

6 A. Is this applicable to the

7 four-thirds test?

8 Q. Yes. The 133 and a third

9 percent rule.

10 A. Yes.

11 Q. Is the four-thirds rule

12 applicable to cash balance plans?

13 A. Yes.

14 Q. And that is regardless of

15 the fact that when this regulation of

16 the four-thirds test was promulgated

17 cash balance plans didn't exist?

18 A. Yes.

19 Q. Does the IRS treat the

20 interest crediting rate as a relevant

21 factor in computing benefits?

22 A. Under cash balance plans?

23 Q. Yes.

24 A. Yes.

00215

1 look at the actual benefit, the  
2 actual compensation increases, but  
3 assume the 4.5 percent that was  
4 included in the Conectiv's 10-K  
5 report, 10-K form in 1999, there  
6 would still be a reduction in the  
7 rate of future benefit accrual.

8 Because the ultimate  
9 benefit at age 65 would still have  
10 been lower under the cash balance  
11 plan, whether it's 3,689 or 3,700, or  
12 then it would have been under the --  
13 the continuation of the previous  
14 version of the plan.

15 Q. Is there a reason why you  
16 did not do these calculations then  
17 precisely with respect to his age?

18 A. Yes. The reason is for  
19 simplicity purposes. Most -- most  
20 exhibits that show these type of  
21 calculations are not based on the  
22 actual months of attainment of 65.

23 Q. You also mentioned the 4.5  
24 percent assumption. Where did that

00216

1 come from?

2 A. In fact, it is at the

3 suggestion of counsel that my first

4 calculation was based on the actual

5 pay increases, and the counsel asked

6 me to perform a calculation at the

7 4.5 percent, which was based on the

8 expected salary, or assumed salary

9 increase that was divulged or

10 disclosed in the 10-K form.

11 Q. And when you refer to

12 counsel, is that Mr. Malone or

13 somebody from his firm?

14 MR. MALONE: That's me.

15 THE WITNESS: Yes, it is.

16 BY MS. YU:

17 Q. Do you know what year the

18 10-Q was from?

19 A. I believe it was 1999.

20 MR. MALONE: I think if you

21 check for the form, the same rate was

22 also used in 1998.

23 THE WITNESS: Yes. The '99

24 Form 10-K.

00239

1 Q. But your assumption for  
2 Exhibit C-1 was that there was no pay  
3 increase?

4 A. That's right. And in spite  
5 of the fact that there were no pay  
6 increases, it still showed that there  
7 was an increase in the -- there would  
8 have been an increase under the  
9 previous version of the plan than  
10 under the cash balance plan at age  
11 65.

12 Q. If you could go back to  
13 Poulin 6, your Declaration in this  
14 matter.

15 MR. MALONE: For this case.

16 BY MS. YU:

17 Q. Can you take a look at  
18 paragraph 24 that begins on page 8.  
19 You refer to whipsaw.

20 A. Yes.

21 Q. What was the purpose of  
22 including this paragraph in your  
23 Declaration in this case?

24 A. I believe I was making an



UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF NEW JERSEY (NEWARK)

PHILLIP C. ENGERS, WARREN J. MCFALL,  
DONALD G. NOERR and GERALD SMIT  
individually and on behalf of all others  
similarly situated,

Plaintiffs,

v.

AT&T and AT&T MANAGEMENT  
PENSION PLAN,

Defendants.

)  
)  
)  
)  
) Civil Action No. 98-CV-3660 (NHP)  
)  
)  
)  
)  
)

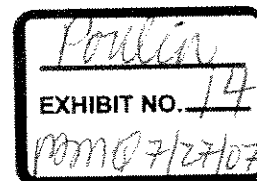
AFFIDAVIT OF CLAUDE POULIN, F.S.A., E.A.

I, Claude Poulin, based on personal knowledge, state as follows:

1. I am an Enrolled Actuary under ERISA, a Fellow in the Society of Actuaries, and a member of the American Academy of Actuaries. I have over 30 years of experience in designing, administering, and reviewing defined benefit pension plans, including providing advice to employers, unions, governments, employees and their representatives. A copy of my Curriculum Vitae is attached as Exhibit "A".

2. I have testified before Congress on several occasions, most notably in 1973 and 1974 on the proposed legislation that became ERISA (The Employee Retirement Income Security Act). At the time ERISA was enacted in 1974, I was the Senior Actuary for the United Automobile Workers ("UAW") and, in that capacity I was responsible for the review and compliance under ERISA of approximately 3,000 pension plans the UAW had negotiated.

3. In 1978, I served as a member of the American Academy of Actuaries' Task Force on



Single-Employer Pension Plan Terminations. I testified several times before Congressional committees of both the House and Senate on Plan Termination and other ERISA matters.

4. I have been retained in this matter to determine whether 1997/1998 amendments to the AT&T Management Pension Plan resulted in a significant reduction in the rate of future benefit accrual for plan participants. In preparing my affidavit, I reviewed copies of the documents listed on the attached Exhibit "B".

5. At the beginning of 1997, the AT&T Management Pension Plan consisted of a traditional defined benefit pension plan where active participants' retirement benefits were based on their Net Credited Service multiplied by their average compensation during a so-called pay base averaging period, multiplied by a benefit accrual rate of 1.6%. For years after 1997, the benefit accrual rate was 1.6% of future compensation.

6. During 1997, AT&T management adopted two amendments to the plan: the first amendment was a Special Update, effective August 1, 1997, that updated the pay base averaging period while adding up to one year to active participants' years of Net Credited Service. The second amendment froze accruals under the prior plan and converted the existing plan to a Cash Balance Plan, effective January 1, 1998.

7. The Cash Balance amendments created cash balance accounts for active participants and provided future benefit accruals in the form of pay credits and interest credits. In order to determine the rate of future benefit accrual under a cash balance plan, the pay credits must be projected to the participant's normal retirement age (usually age 65) using the interest credits specified under the terms of the plan. The annual increase in accrued benefit at age 65 is then converted into a benefit accrual rate. The attached Exhibit C-1 shows that, for plaintiff Gerald J.

Smit, the rate of accrual would go from 1.45% of salary in 1999 to 1.1% in 2015. Attached Exhibits C-2, C-3 and C-4 show that for participants Engers, Mcfall and Noerr, rates of future benefit accruals also decrease during the period from 1998 to their attainment of age 65. In my opinion, these rates of future benefit accrual represent a significant reduction in these participants' rates of future benefit accrual compared to the rate of 1.6% of compensation prior to the 1997/1998 amendments.

8. I reviewed the Certification of actuary Kevin R. Armant, dated November 13, 2000, in which he stated that participants did not suffer "a significant reduction in the rate of future benefit accrual" as a result of the conversion to the Cash Balance Plan "because the annual single life annuity benefit payable at normal retirement age under the cash balance formula always exceeds the annual benefit payable at normal retirement age under the formula in effect prior to the Plan Amendment for each one of the named plaintiffs." In performing his analysis, however, Mr. Armant failed to take into account the rates of future benefit accrual. Instead, he compared accrued benefits at age 65 under the cash balance formula - increasing as a result of the future annual pay credits and interest credits - with an accrued benefit payable at age 65 under the Special Update, frozen at the 1997 level without any future benefit accrual. In other words, instead of comparing the rates of future benefit accrual under the two versions of the plan, he compared a frozen or static benefit with a benefit increasing each year. Under his approach, any increase in benefit after 1997, however insignificant - such as one based on a benefit accrual rate of only 0.1% of future compensation - would have led him to the same conclusion.

9. The Temporary Regulations promulgated by the Secretary of the Treasury, 26 CFR 1.411(d)-6T which were in effect at the time of the plan amendments - and have since become

Final - specified in Q&A-4 that Section 204(h) notice is required for an amendment to a (defined benefit) plan that provides for a significant reduction in the rate of future benefit accrual, and in Q&A-5 that "an amendment to a defined benefit plan affects the rate of future benefit accrual only if it is reasonably expected to change the amount of the future annual benefit commencing at normal retirement age." (Emphasis added). In his analysis, Mr. Armant failed to compare the change in the amount of the future annual benefit by freezing the benefit payable under the Special Update at the 1997 level.

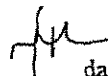
10. Exhibits E-1, E-2, E-3 and E-4 were prepared by AT&T and were used by Mr. Armant to compare the accrued benefit at age 65 under the cash balance plan formula and the frozen accrued benefit to age 65 under the Special Update. As can be seen in the Exhibits, Mr. Armant chose not to show the rate of future benefit accrual under the cash balance formula. He could easily have calculated these rates by computing the annual increase in the accrued benefit at age 65 and dividing it by the participant's salary. Had he performed these calculations, he would have arrived, as I did, at the same decreasing rates of benefit accrual as found in the Exhibit C series.

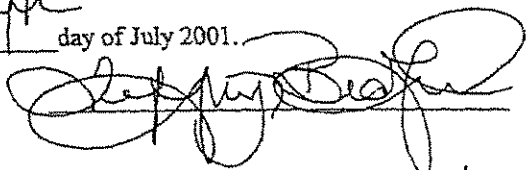
11. The graphs that I prepared and that are presented in Exhibits D-1, D-2, D-3 and D-4 are based on actual pay credit rates; they also show reductions in accrual rates under the 1998 cash balance formula between 1998 and the year participants attain age 65.

Further Affiant Sayeth Not:

Signed: 

Claude Poulin

Subscribed and sworn before me this  day of July 2001.



Exp. 1/13/03

# **Exhibit A**

EXHIBIT A

CURRICULUM VITAE  
OF CLAUDE POULIN

EDUCATION: Fellow of the Society of Actuaries, Chicago, 1972

Laval University, School of Business Administration  
Quebec City, 1966, Degree in Actuarial Science

University of Montreal, 1963, B.A., Mathematics

EMPLOYMENT: POULIN ASSOCIATES, INC.  
Since 1980 11083 John Marshall Highway  
Delaplane, VA 20144  
(540) 364-6901

Founder and president of Poulin Associates, Inc., an independent  
actuarial and employee benefit consulting firm with offices in  
Washington, D.C., Virginia and Montreal, Canada; special  
expertise as a consultant and actuarial expert witness in ERISA  
cases (pension and welfare benefits).

1969 to 1980 UNITED AUTOMOBILE WORKERS (UAW), Detroit, Michigan

Senior Actuarial Consultant and Assistant Director of the UAW  
Social Security Department; responsible for monitoring over  
3,000 pension and welfare plans for the Union

1966 to 1969 SUN LIFE ASSURANCE COMPANY, Montreal, Canada

Actuarial Assistant, pensions and group insurance operations

PROFESSIONAL CREDENTIALS: Member of the American Academy of Actuaries

Enrolled Actuary under ERISA

Fellow of the Canadian Institute of Actuaries

Member of the International Actuarial Association

Appointed by the Governor of the State of Connecticut as  
Actuarial Trustee of the Connecticut State Employees'  
Retirement Commission

PROFESSIONAL  
CREDENTIALS:  
(continued)

Member of the 1979 Panel of Actuaries and Economists to the Social Security Advisory Council, members of which were appointed by President Carter.

Member of the Pension Benefit Guaranty Corporation (PBGC) 1977 Panel on Contingent Employer Liability Insurance.

Member of the 1977 Tax Force of the Financial Accounting Standards Board (FASB) on Accounting and Reporting for Employee Benefit Plans.

Member of the Bureau of National Affairs (BNA) Pension Reporter Advisory Board (1981-1987).

Testified before Committees of the United States House and Senate on ERISA and related matters.

Testified before several Canadian commissions on pension reform.

Frequent radio and television commentator on economic and social affairs.



# **Exhibit B**

**EXHIBIT B**

**Documents Reviewed**

- 1) The AT&T Management Pension Plan, amended and restated January 1, 1998
- 2) Copies of resolutions adopted by the Board of Directors of AT&T Corporation at a meeting held on April 16, 1997, amending the AT&T Management Pension Plan to provide the Special Update effective August 1, 1997 and to establish hypothetical cash balance accounts as of January 1, 1998
- 3) The certification of Kevin R. Armant, dated November 13, 2000, in support of Defendants' opposition to Plaintiffs' motion for class certification, with attachments
- 4) The Summary Plan Description of the 1998 AT&T Management Pension Plan
- 5) The Third Amended Class Action Complaint and Demand for Jury Trial
- 6) A Fact Sheet, dated April 28, 1997, on the changes to the AT&T Management Pension Plan
- 7) The AT&T Management Pension Plan, amended and restated October 1, 1996

# **Exhibit C**

Exhibit C-1

AT&T Management Pension Plan  
Comparison of Projected Benefits

Employee Information			Employee Data			Cash Balance Formula					Special Update			Prior Plan Formula	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
Year	BOP Age	BOP Service	Salary	BOP Balance	Pay Credit	Interest Credit	EOY Balance	Accrued Benefit At Age 65	Accrued Benefit At Age 65	Benefit Accrual Rate	Single Life Benefit Payable	Accrued Benefit At Age 65	Single Life Benefit Payable	Accrued Benefit At Age 65	Single Life Benefit Payable
1987	40.58	18.08	80,895	109,342	6,278	7,654	123,274	N/A	N/A	N/A	N/A	23,824	11,782	18,325	N/A
1988	41.58	19.08	75,182	123,274	6,328	6,828	137,231	26,859	N/A	N/A	10,370	25,025	25,025	18,821	N/A
1989	42.58	20.08	75,182	137,231	6,355	6,606	151,892	28,059	1,069	1.45%	11,302	26,228	26,228	19,821	N/A
2000	48.58	21.08	75,182	151,892	6,221	8,078	164,189	29,025	656	1.28%	12,826	27,438	27,438	22,027	N/A
2001	49.58	22.08	75,182	164,189	6,221	8,368	178,877	30,168	1,143	1.22%	13,774	28,633	28,633	23,239	N/A
2002	50.58	23.08	75,182	178,877	6,221	7,079	190,278	31,287	1,069	1.41%	14,866	29,836	29,836	24,432	N/A
2003	51.58	24.08	75,182	190,278	6,221	7,811	204,110	32,374	1,057	1.41%	15,969	31,039	31,039	25,635	N/A
2004	52.58	25.08	75,182	204,110	6,221	8,164	218,485	33,340	1,018	1.36%	17,061	32,242	32,242	26,839	N/A
2005	53.58	26.08	75,182	218,485	7,778	8,740	235,012	34,317	977	1.30%	18,162	33,445	33,445	28,041	24,557
2006	54.58	27.08	75,182	235,012	7,778	9,400	252,188	35,491	1,174	1.35%	19,274	34,648	34,648	29,244	25,760
2007	55.58	28.08	75,182	252,188	7,778	10,088	270,052	36,820	1,129	1.30%	20,374	35,851	35,851	30,447	26,963
2008	56.58	29.08	75,182	270,052	7,778	11,845	307,853	37,768	1,086	1.44%	21,474	37,054	37,054	31,650	28,166
2009	57.58	30.08	75,182	288,631	7,778	12,318	328,047	38,764	1,044	1.39%	22,574	38,257	38,257	32,853	29,369
2010	58.58	31.08	75,182	307,853	7,778	13,122	348,845	40,719	985	1.34%	23,674	39,460	39,460	34,056	30,572
2011	59.58	32.08	75,182	328,047	7,778	13,988	370,686	41,848	928	1.23%	24,774	40,663	40,663	35,259	31,775
2012	60.58	33.08	75,182	348,845	7,778	14,827	393,283	42,940	892	1.19%	25,874	41,865	41,865	36,462	32,978
2013	61.58	34.08	75,182	370,686	7,778	15,731	416,791	43,998	858	1.14%	26,974	43,068	43,068	37,664	34,181
2014	62.58	35.08	75,182	393,283	7,778	16,731	440,871	44,223	825	1.10%	28,074	44,271	44,271	38,867	35,384
2015	63.58	36.08	75,182	416,791	3,133	6,947	428,871	44,559	338	0.45%	29,174	45,474	45,474	40,070	36,587
2016.4187	63.03	38.50	75,182	428,871							29,174	45,474	45,474	40,070	36,587

Frozen Accrued Benefit Calculation  
1987-1992 Average Salary  
Service at 12/31/82  
1993 to July 30, 1997 Salary  
Accrued Frozen Accrued Benefit

69,430  
14.08  
338,153.47  
19,138

Cash Balance Seed Calculation  
1984-1993 Average Salary  
Service at 12/31/84 (w/ adter)  
Annual Special Update Benefit  
11/97 Opening Balance

78,381  
18.00  
23,822  
109,342

Smu Gerald J.  
146-42-7780  
08/16/50  
12/11/78  
75,182

## Assumptions:

Salary Increase 0.00%  
SSWIS Increases 0.00%  
401(a)(17) Limit Increases 0.00%

7/7/2001

Poulin Associates, Inc.

Exhibit C-2

**AT&T Management Pension Plan  
Comparison of Projected Benefits**

<b>Employee Information</b>	<b>Cash Balance Seed Calculation</b>	<b>Frozen Accrued Benefit Calculation</b>
Name: Engers Philip C.	1984-1995 Average Salary	1987-1992 Average Salary
Social Security Number: 213-32-3023	Service at 12/31/05 (w/ added)	Service at 12/31/92
Date of Birth: 10/26/48	Annual Special Update Benefit	1993 to July 30, 1997 Salary
NCB Date: 01/17/72	1/1/87 Opening Balance	Annual Frozen Accrued Benefit
1998 Salary: 100,436		
	95,861	68,109
	28,000	21,000
	40,294	414,530.23
	199,054	26,159

(1) Year	(2) Employee Data		(4) Salary	(5) Cash Balance Formula						(6) Special Update			(7) Prior Plan Formula		
	BOP Age	BOP Service		BOP Balance	Pay Credit	Interest Credit	EOY Balance	Accrued Benefit At Age 65	Increase In Accrued Benefit At Age 65	(11) Benefit Accrual Rate	(12) Single Life Benefit Payable	(13) Accrued Benefit At Age 65	(14) Single Life Benefit Payable	(15) Accrued Benefit At Age 65	(16) Single Life Benefit Payable
1997	48.25	25.00	100,984		6,874	13,934	221,862	N/A	N/A	N/A	N/A	40,284	23,975	25,213	N/A
1998	49.25	26.00	100,436		10,596	16,930	247,690	40,407	N/A	N/A	16,377	41,901	23,975	26,828	N/A
1999	50.25	27.00	100,436		10,262	17,359	276,811	47,496	2,030	2.02%	20,735	43,508	41,901	28,435	20,331
2000	51.25	28.00	100,436		10,262	11,024	286,897	49,333	1,837	1.83%	23,278	45,115	43,508	30,042	23,283
2001	52.25	29.00	100,436		10,262	11,876	319,035	51,096	1,768	1.76%	25,338	46,722	45,115	31,649	26,427
2002	53.25	30.00	100,436		10,262	12,781	342,058	52,798	1,698	1.69%	27,533	48,329	46,722	33,268	28,427
2003	54.25	31.00	100,436		12,827	13,662	365,587	54,431	1,633	1.63%	29,881	49,938	48,329	34,883	31,510
2004	55.25	32.00	100,436		12,827	14,743	398,137	56,393	1,563	1.56%	32,673	51,543	49,938	36,470	34,078
2005	56.25	33.00	100,436		12,827	15,845	424,810	58,290	1,487	1.48%	35,458	53,150	51,543	38,077	36,470
2006	57.25	34.00	100,436		12,827	16,992	454,030	60,095	1,415	1.41%	38,549	54,757	53,150	39,684	38,077
2007	58.25	35.00	100,436		12,827	18,185	486,642	61,840	1,345	1.34%	41,872	56,364	54,757	41,291	39,684
2008	59.25	36.00	100,436		12,827	19,428	517,898	63,517	1,278	1.27%	45,440	57,971	56,364	42,898	41,291
2009	60.25	37.00	100,436		12,827	20,716	551,438	65,131	1,213	1.21%	49,253	59,578	57,971	44,505	42,898
2010	61.25	38.00	100,436		12,827	22,058	588,323	66,682	1,151	1.15%	53,389	61,185	59,578	46,112	44,505
2011	62.25	39.00	100,436		12,827	23,453	627,653	68,173	1,091	1.09%	57,823	62,792	61,185	47,719	46,112
2012	63.25	40.00	100,436		12,827	24,904	669,534	69,607	1,034	1.03%	62,636	64,399	62,792	49,326	47,719
2013	64.25	41.00	100,436		7,905	19,810	697,950	70,986	1,379	1.37%	67,814	66,006	64,399	48,326	49,326
2013.75	65.00	41.75	100,436				71,811		925	0.82%	71,811	67,613	66,006	50,933	50,933
														52,138	52,138

## Assumptions:

Salary Increases: 0.00%  
 SBWB Increases: 0.00%  
 401(k)(7) Limit Increases: 0.00%

Poulin Associates, Inc.

7/7/2001

Exhibit C-3

AT&T Management Pension Plan  
Comparison of Projected Benefits

Employee Information		Employee Data			Cash Balance Formula							Special Update		Prior Plan Formula			
Name	135-39-0513	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
Micah Warren J.	06/17/68	Year	BOP Age	BOP Service	Salary	BOP Balance	EOY Balance	Interest Credit	Accrued Benefit At Age 65	Accrued Benefit At Age 65	Increase In Accrued Benefit At Age 65	Benefit Accrual Rate	Single Life Benefit Payable	Accrued Benefit At Age 65	Single Life Benefit Payable	Accrued Benefit At Age 65	Single Life Benefit Payable
1992 Salary	92,139	1992	58.55	18.08	92,139	149,184	171,518	10,443	171,518	N/A	N/A	N/A	N/A	21,181	21,181	18,809	N/A
		1996	59.58	19.08	92,139	171,518	195,109	12,008	195,109	23,437	N/A	N/A	18,134	22,535	22,535	18,264	N/A
		1999	60.58	20.08	92,139	185,109	219,934	13,658	219,934	24,917	1,480	1.61%	18,082	24,108	24,108	18,758	18,758
		2000	61.58	21.08	92,139	219,934	239,900	8,797	239,900	26,250	1,333	1.45%	21,417	25,564	25,564	21,232	21,232
		2001	62.58	22.08	92,139	239,900	260,883	9,568	260,883	27,531	1,282	1.38%	23,815	27,058	27,058	22,708	22,708
		2002	63.58	23.08	92,139	260,883	282,258	10,427	282,258	28,784	1,232	1.34%	26,401	28,532	28,532	24,180	24,180
		2003	64.58	24.08	92,139	282,258	299,046	4,705	299,046	30,355	1,185	1.28%	28,187	30,008	30,008	25,655	25,655
		2003.4187	65.00	24.50	92,139	299,046	309,355		309,355	30,355	405	0.44%	30,385	31,480	31,480	26,269	26,269

Cash Balance Seed Calculation				Frozen Accrued Benefit Calculation			
1994-1995 Average Salary	89,615	1987-1992 Average Salary	55,350				
Service at 12/31/92	18.92	Service at 12/31/92	14.08				
Annual Special Update Benefit	21,181	1993 to July 30, 1997 Salary	322,712.06				
1/1/87 Operating Balance	148,184	Annual Frozen Accrued Benefit	17,335				

Frozen Accrued Benefit Calculation  
1987-1992 Average Salary 55,350  
Service at 12/31/82 14.08  
1993 to July 30, 1997 Salary 322,712.08  
Annual Frozen Accrued Benefit 17,035

89,615  
18.92  
21,181  
148,184

Cash Balance Seed Calculation  
1994-1998 Average Salary  
Service at 12/31/98 (w/ adder)  
Annual Special Update Benefit  
11/87 Opening Balance

1994 Salary 92,139  
12/30/78  
06/17/68  
135-39-0513  
Micah Warren, J.

## Assumptions:

Salary Increases 0.00%  
SSWB Increases 0.00%  
401(k)(17) Limit Increases 0.00%

7/6/2001

Poulin Associates, Inc.

Exhibit C-4

AT&T Management Pension Plan  
Comparison of Projected Benefits

Employee Information	Cash Balance Based Calculation	Frozen Accrued Benefit Calculation
Name: Noerr Donald G.	1984-1986 Average Salary	1987-1988 Average Salary
Social Security Number: 198-32-5003	Service at 12/31/86 (w/ adder)	Service at 12/31/82
Date of Birth: 03/30/42	Annual Special Update Benefit	1983 to July 30, 1987 Salary
NCB Date: 08/15/81	1/1/87 Opening Balance	Annual Frozen Accrued Benefit
1986 Salary: 75,372		
	89,932	57,081
	10,33	11,98
	18,276	316,442.05
	111,481	15,735

(1) Year	(2) Employee Data		(3) Cash Balance Formula				(11) Benefit		(12) Single Life		(13) Special Update		(14) Single Life		(15) Prior Plan Formula		(16) Single Life Benefit Payable
	BOP Age	BOP Service	BOP Salary	EOY Balance	Accrued Benefit At Age 65	Increase in Accrued Benefit At Age 65	Rate	Rate	Benefit Payable	Benefit Payable	Accrued Benefit At Age 65	Benefit Payable	Accrued Benefit At Age 65	Benefit Payable	Accrued Benefit At Age 65	Benefit Payable	
1987	44.83	15.88	70,875	126,856	N/A	N/A	N/A	N/A	N/A	N/A	18,276	18,083	18,481	18,083	15,035	15,035	N/A
1988	45.83	16.88	75,372	143,974	20,962	N/A	N/A	N/A	11,283	11,283	19,481	19,481	20,687	19,481	16,164	16,164	N/A
1989	46.83	17.88	75,372	161,867	21,300	1,218	1.62%	1.62%	12,988	12,988	20,687	20,687	21,893	20,687	17,370	17,370	N/A
2000	57.83	18.88	75,372	178,166	22,360	1,060	1.43%	1.43%	14,814	14,814	21,893	21,893	23,099	21,893	18,576	18,576	N/A
2001	58.83	19.88	75,372	191,018	23,419	1,039	1.38%	1.38%	16,374	16,374	23,099	23,099	24,305	23,099	19,782	19,782	N/A
2002	59.83	20.88	75,372	208,471	24,418	988	1.33%	1.33%	18,040	18,040	24,305	24,305	25,611	24,305	20,988	20,988	N/A
2003	60.83	21.88	75,372	222,545	25,379	861	1.27%	1.27%	19,834	19,834	25,611	25,611	26,917	25,611	22,194	22,194	N/A
2004	61.83	22.88	75,372	232,548	26,302	824	1.23%	1.23%	21,772	21,772	26,917	26,917	28,223	26,917	23,400	23,400	N/A
2005	62.83	23.88	75,372	239,261	27,180	868	1.19%	1.19%	23,870	23,870	28,223	28,223	29,529	28,223	24,808	24,808	N/A
2006	63.83	24.88	75,372	256,848	28,044	854	1.13%	1.13%	26,128	26,128	29,529	29,529	30,835	29,529	26,812	26,812	N/A
2007	64.83	25.88	75,372	274,728	28,865	821	1.09%	1.09%	28,673	28,673	30,835	30,835	32,141	30,835	27,018	27,018	N/A
2007, 1987	65.00	25.76	75,372	277,814	28,999	134	0.18%	0.18%	28,999	28,999	31,441	31,441	31,441	31,441	27,219	27,219	N/A

## Assumptions:

Salary increases 0.00%  
 SSMB increases 0.00%  
 401(k)(7) Limit increases 0.00%

Poulin Associates, Inc.

7/5/2001

# **Exhibit D**



Exhibit D-1

# Benefit Accrual Rates

Gerald J. Smit

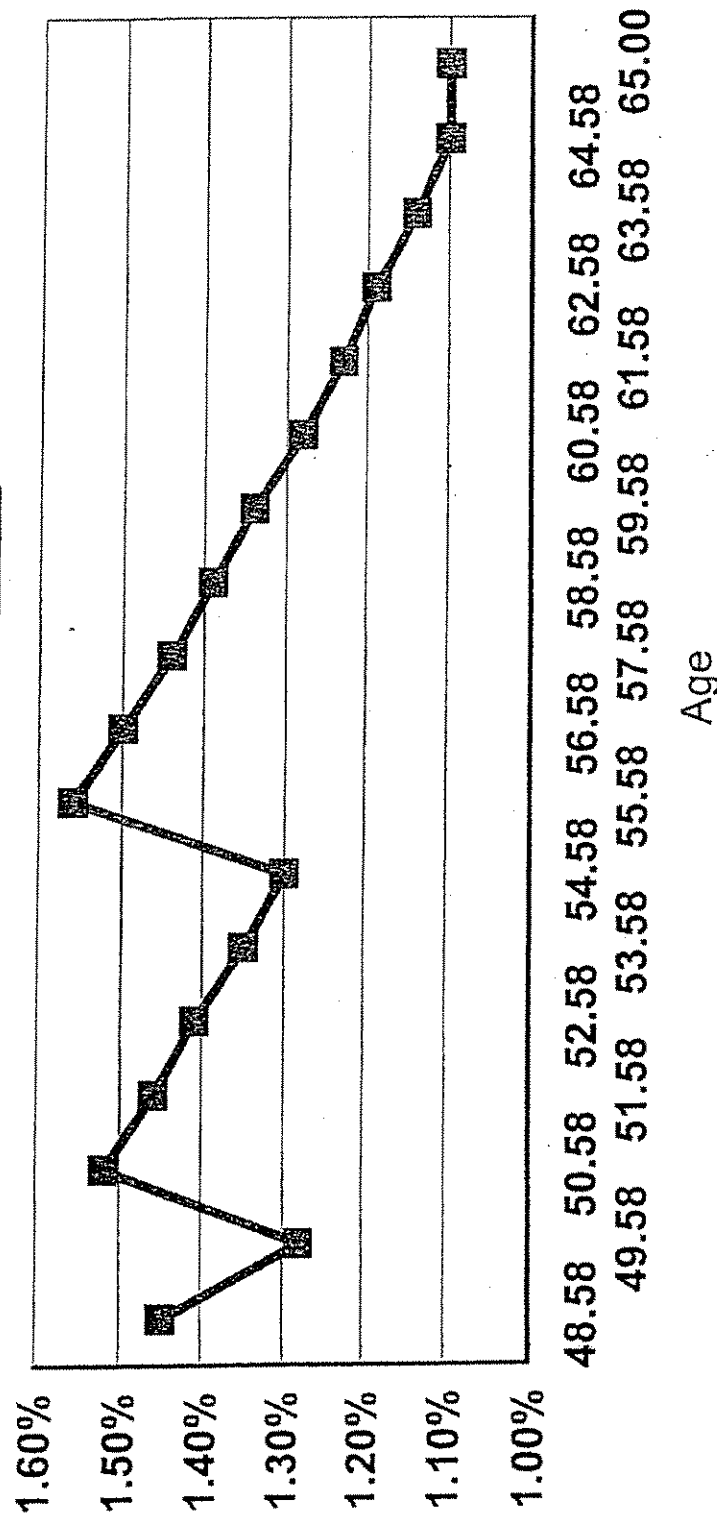


Exhibit D-2

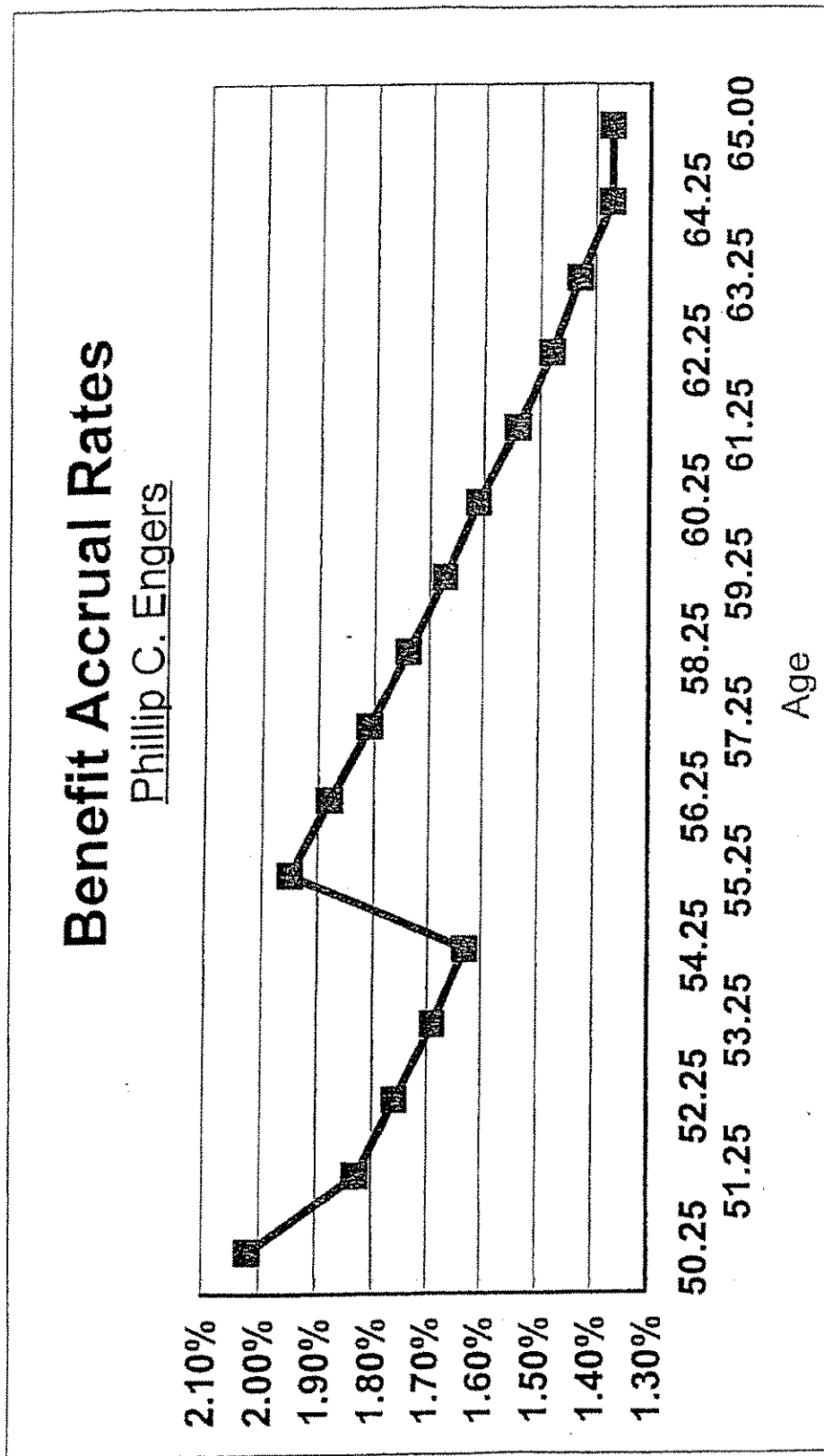


Exhibit D-3

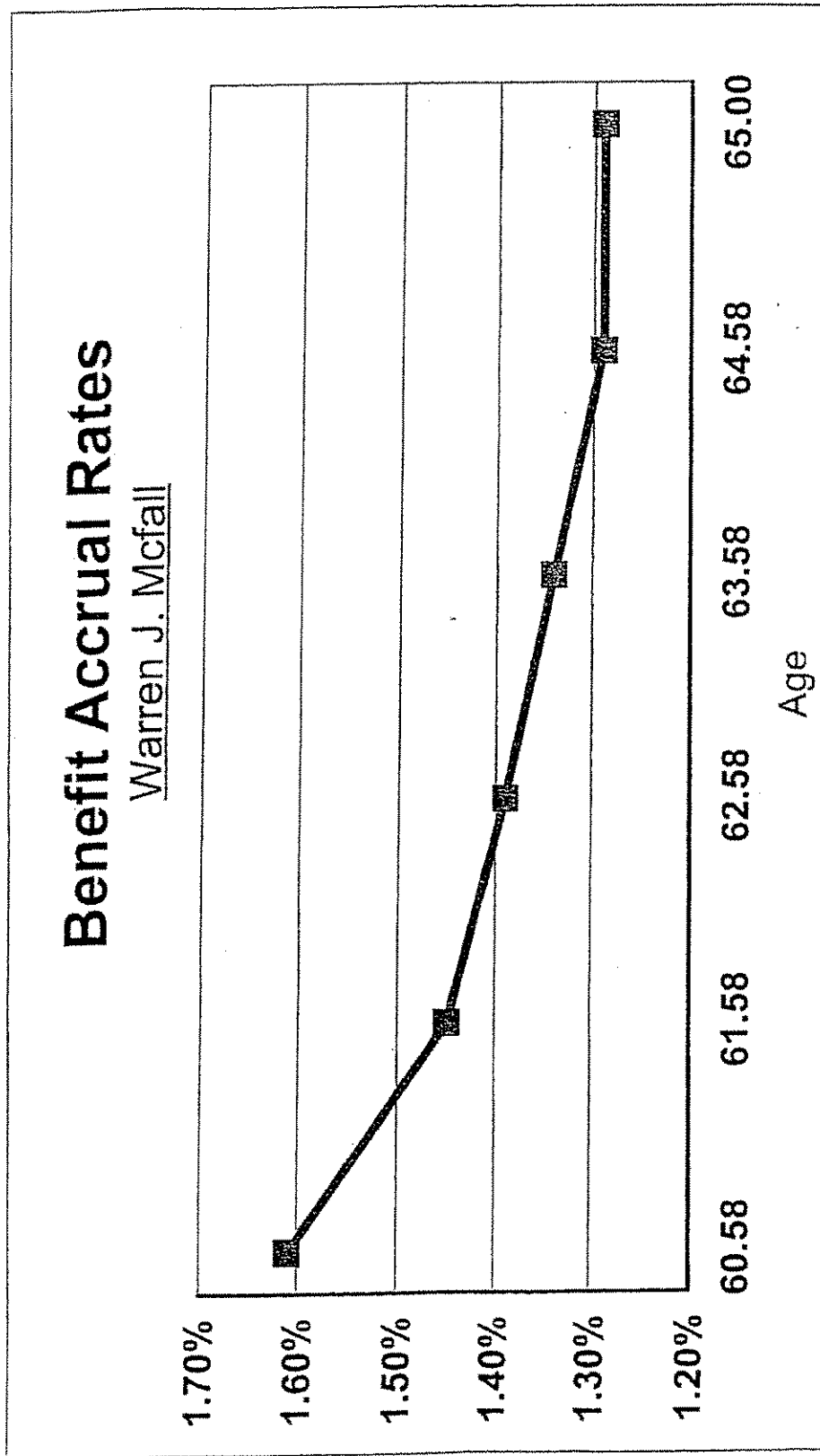
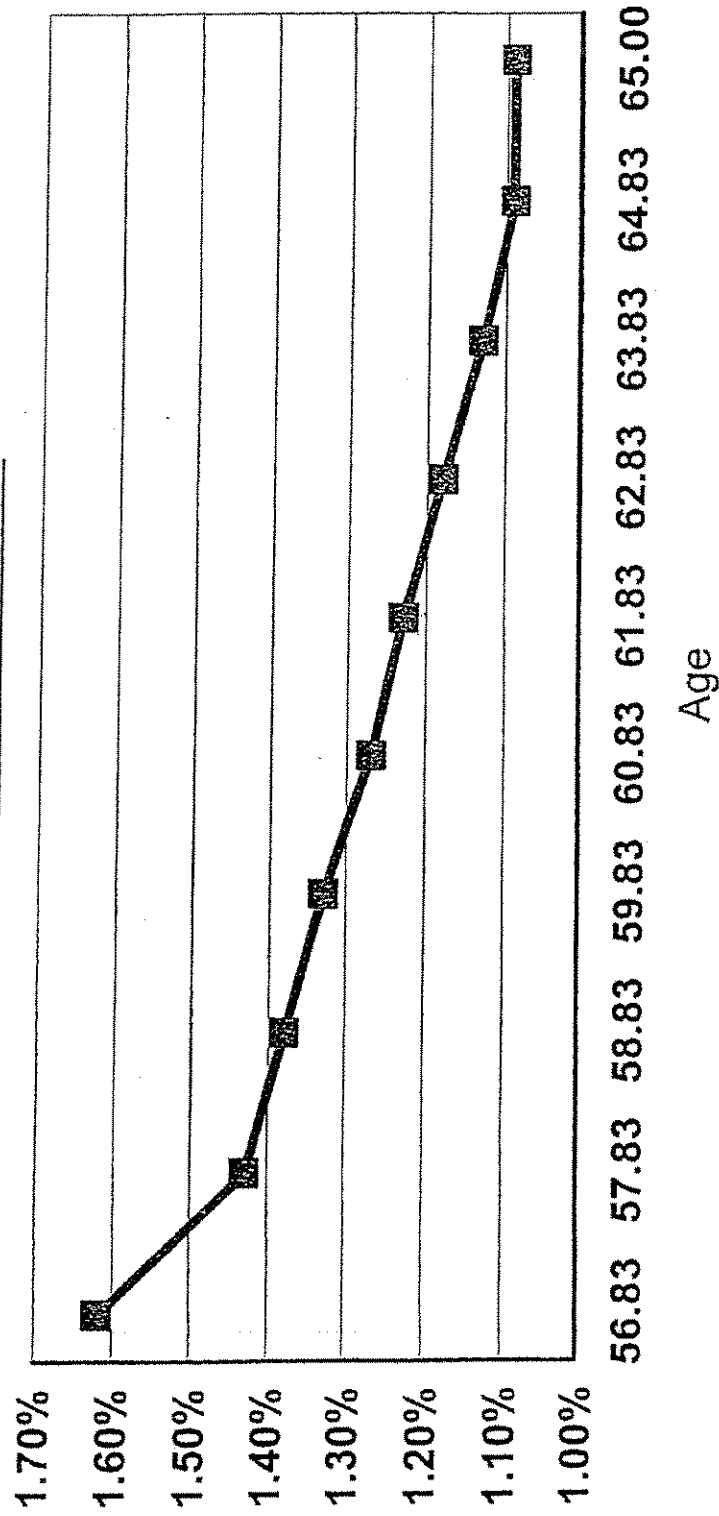


Exhibit D-4

## Benefit Accrual Rates

Donald G. Noerr



# Exhibit E

## Exhibit E-1

AT&T Management Pension Plan  
Comparison of Projected Benefits

Employee Information		Employee Data		Cash Balance Formula				Special Update		Prior Plan Formula	
Year	BOP Age	BOP Service	Salary	BOP Balance	Pay Credit	Interest Credit	EOY Balance	Accrued Benefit At Age 65	Single Life Benefit Payable	Accrued Benefit At Age 65	Single Life Benefit Payable
1997	45.58	18.08	80,986	109,342	6,278	7,654	123,274	N/A	N/A	23,822	11,782
1998	47.58	19.08	75,182	123,274	5,325	8,628	137,231	25,969	10,070	23,822	13,221
1999	48.58	20.08	75,182	137,231	5,055	9,608	151,892	28,089	11,302	23,822	14,650
2000	49.58	21.08	75,182	151,892	4,821	10,678	164,189	29,028	12,820	23,822	16,080
2001	50.58	22.08	75,182	164,189	4,621	11,708	176,977	30,168	13,774	23,822	17,509
2002	51.58	23.08	75,182	176,977	4,441	12,778	190,278	31,287	14,998	23,822	18,938
2003	52.58	24.08	75,182	190,278	4,281	13,888	204,110	32,324	16,299	23,822	20,368
2004	53.58	25.08	75,182	204,110	4,141	15,038	218,495	33,340	17,681	23,822	21,797
2005	54.58	26.08	75,182	218,495	4,011	16,228	233,417	34,317	19,162	23,822	23,226
2006	55.58	27.08	75,182	233,417	3,891	17,458	248,891	35,260	20,656	23,822	24,657
2007	56.58	28.08	75,182	248,891	3,781	18,728	264,919	36,174	22,154	23,822	26,041
2008	57.58	29.08	75,182	264,919	3,681	20,048	281,491	37,066	23,652	23,822	27,444
2009	58.58	30.08	75,182	281,491	3,591	21,418	298,609	37,945	25,150	23,822	28,847
2010	59.58	31.08	75,182	298,609	3,511	22,838	316,267	38,811	26,648	23,822	30,250
2011	60.58	32.08	75,182	316,267	3,441	24,308	334,475	39,666	28,146	23,822	31,653
2012	61.58	33.08	75,182	334,475	3,381	25,828	353,233	40,511	29,644	23,822	33,056
2013	62.58	34.08	75,182	353,233	3,331	27,398	372,541	41,346	31,142	23,822	34,459
2014	63.58	35.08	75,182	372,541	3,291	29,018	392,399	42,171	32,640	23,822	35,862
2015	64.58	36.08	75,182	392,399	3,261	30,688	412,807	43,000	34,138	23,822	37,265
2016	65.00	36.50	75,182	412,807	3,241	32,408	433,765	43,825	35,636	23,822	38,667
2015.4167				426,871	3,133	6,947	426,871	44,559	44,559	23,822	40,070

## Assumptions:

Salary Increases  
SSWB Increases  
401(a)(17) Limit Increases

0.00%  
0.00%  
0.00%

1987-1992 Average Salary  
Service at 12/31/92  
1993 to July 30, 1997 Salary  
Annual Frozen Accrued Benefit

78,361  
19,000  
23,822  
109,342

Cash Balance Seed Calculation  
1994-1996 Average Salary  
Service at 12/31/96 (w/ adder)  
Annual Special Update Benefit  
1/1/97 Opening Balance

78,361  
19,000  
23,822  
109,342

Smil Gerald J.  
146-42-7760  
06/19/50  
12/1/78  
75,182

Employee Information  
Name  
Social Security Number  
Date of Birth  
NCS Date  
1996 Salary

Smil Gerald J.  
146-42-7760  
06/19/50  
12/1/78  
75,182

## Exhibit E-2

AT&T Management Pension Plan  
Comparison of Projected Benefits

Employee Information				Cash Balance Seed Calculation				Frozen Accrued Benefit Calculation			
Name	Engers Phillip C.	1984-1986 Average Salary	Service at 12/31/96 (w/ adder)	1984-1986 Average Salary	Service at 12/31/96	1987-1992 Average Salary	Service at 12/31/92	1987-1992 Average Salary	Service at 12/31/92	1993 to July 30, 1997 Salary	Annual Frozen Accrued Benefit
Social Security Number	213-52-3623	1984-1986 Average Salary	Service at 12/31/96 (w/ adder)	1984-1986 Average Salary	Service at 12/31/96	1987-1992 Average Salary	Service at 12/31/92	1987-1992 Average Salary	Service at 12/31/92	1993 to July 30, 1997 Salary	Annual Frozen Accrued Benefit
Date of Birth	10/28/48	1984-1986 Average Salary	Service at 12/31/96 (w/ adder)	1984-1986 Average Salary	Service at 12/31/96	1987-1992 Average Salary	Service at 12/31/92	1987-1992 Average Salary	Service at 12/31/92	1993 to July 30, 1997 Salary	Annual Frozen Accrued Benefit
NCS Date	01/17/72	1984-1986 Average Salary	Service at 12/31/96 (w/ adder)	1984-1986 Average Salary	Service at 12/31/96	1987-1992 Average Salary	Service at 12/31/92	1987-1992 Average Salary	Service at 12/31/92	1993 to July 30, 1997 Salary	Annual Frozen Accrued Benefit
1998 Salary	100,436	1984-1986 Average Salary	Service at 12/31/96 (w/ adder)	1984-1986 Average Salary	Service at 12/31/96	1987-1992 Average Salary	Service at 12/31/92	1987-1992 Average Salary	Service at 12/31/92	1993 to July 30, 1997 Salary	Annual Frozen Accrued Benefit
1998 Salary	100,436	1984-1986 Average Salary	Service at 12/31/96 (w/ adder)	1984-1986 Average Salary	Service at 12/31/96	1987-1992 Average Salary	Service at 12/31/92	1987-1992 Average Salary	Service at 12/31/92	1993 to July 30, 1997 Salary	Annual Frozen Accrued Benefit
Employee Data				Cash Balance Formula				Special Update			
Year	BOP Age	BOP Service	Salary	BOP Balance	Pay Credit	Interest Credit	EOY Balance	Accrued Benefit At Age 65	Single Life Benefit Payable	Accrued Benefit At Age 65	Single Life Benefit Payable
1997	48.25	25.00	100,964	198,054	8,974	13,934	221,862	N/A	N/A	40,294	23,875
1998	49.25	26.00	100,436	221,862	10,598	15,530	237,890	45,467	18,377	40,294	26,393
1999	50.25	27.00	100,436	247,890	10,262	17,359	275,511	47,486	20,735	40,294	28,610
2000	51.25	28.00	100,436	275,511	10,282	11,024	286,897	49,333	23,278	40,294	31,226
2001	52.25	29.00	100,436	296,897	10,262	11,876	318,036	51,089	25,338	40,294	33,648
2002	53.25	30.00	100,436	318,036	10,262	12,761	342,058	52,788	27,833	40,294	36,179
2003	54.25	31.00	100,436	342,058	12,827	13,882	368,667	54,431	29,861	40,294	38,388
2004	55.25	32.00	100,436	368,667	12,827	14,743	396,137	56,393	32,673	40,294	40,294
2005	56.25	33.00	100,436	396,137	12,827	15,845	424,810	58,280	35,466	40,294	40,294
2006	57.25	34.00	100,436	424,810	12,827	16,982	454,630	60,095	38,649	40,294	40,294
2007	58.25	35.00	100,436	454,630	12,827	18,185	486,642	61,840	41,872	40,294	40,294
2008	59.25	36.00	100,436	486,642	12,827	19,428	517,895	63,617	46,440	40,294	40,294
2009	60.25	37.00	100,436	517,895	12,827	20,718	551,438	65,131	49,253	40,294	40,294
2010	61.25	38.00	100,436	551,438	12,827	22,058	586,323	66,582	53,369	40,294	40,294
2011	62.25	39.00	100,436	586,323	12,827	23,453	622,603	68,173	57,823	40,294	40,294
2012	63.25	40.00	100,436	622,603	12,827	24,904	660,334	69,607	62,836	40,294	40,294
2013	64.25	41.00	100,436	660,334	7,805	19,810	687,950	70,986	67,814	40,294	40,294
2013.75	65.00	41.75	100,436	687,950				71,811	71,811	40,294	40,294

Assumptions:

Salary Increases 0.00%  
 SSWB Increases 0.00%  
 401(a)(17) Limit Increases 0.00%

Cam0648ATT 7/7/2001

## Exhibit E-3

AT&T Management Pension Plan  
Comparison of Projected Benefits

## Employee Information

Name: McNeil Warren J.  
Social Security Number: 135-30-6513  
Date of Birth: 08/17/38  
NCS Date: 12/30/78  
1998 Salary: 92,139

Cash Balance Seed Calculation  
1994-1996 Average Salary  
Service at 12/31/96 (w/ adder)  
Annual Special Update Benefit  
1/1/97 Opening Balance

Frozen Accrued Benefit Calculation  
1987-1992 Average Salary  
Service at 12/31/92  
1993 to July 30, 1997 Salary  
Annual Frozen Accrued Benefit

55,350  
14,08  
322,712.08  
17,835

69,816  
18,92  
21,161  
149,184

Year	Employee Data		Cash Balance Formula				Special Update		Prior Plan Formula	
	BOP Age	BOP Service	Salary	BOP Balance	Pay Credit	Interest Credit	EOY Balance	Accrued Benefit At Age 95	Single Life Benefit Payable	Accrued Benefit At Age 65
1997	58.58	19.08	92,139	149,184	10,553	10,443	170,180	N/A	N/A	18,809
1998	59.58	19.08	92,139	170,180	11,568	11,913	193,681	23,258	16,008	18,177
1999	60.58	20.08	92,139	193,681	11,168	13,558	218,406	24,734	16,525	19,651
2000	61.58	21.08	92,139	218,406	11,168	8,736	236,310	26,087	21,269	21,125
2001	62.58	22.08	92,139	236,310	11,168	9,532	259,010	27,349	23,858	22,599
2002	63.58	23.08	92,139	259,010	11,168	10,360	280,539	28,581	26,233	24,074
2003	64.58	24.08	92,139	280,539	3,839	4,876	289,084	29,755	29,019	25,548
2003.4167	65.00	24.60	92,139	289,084				30,173	30,173	26,162

## Assumptions:

Salary Increases: 0.00%  
SSWB Increases: 0.00%  
401(a)(17) Limit Increases: 0.00%

Cam00646ATT 7/7/2001



## Exhibit E-4

AT&T Management Pension Plan  
Comparison of Projected Benefits

Employee Information			Cash Balance Seed Calculation					Frozen Accrued Benefit Calculation				
Name Noert Donald G.			1984-1996 Average Salary					1987-1992 Average Salary				
Social Security Number 03/30/42			Service at 12/31/96 (w/ adder)					Service at 12/31/92				
Date of Bth 08/16/61			Annual Special Update Benefit					1993 to July 30, 1997 Salary				
NCS Date 1998 Salary			1/1/97 Opening Balance					Annual Frozen Accrued Benefit				
75,372								318,442.05				
								15,735				
Year	Employee Data		Cash Balance Formula			Special Update		Prior Plan Formula				
	BOP Age	BOP Service	BOP Balance	Pay Credit	Interest Credit	EOY Balance	Accrued Benefit At Age 65	Single Life Benefit Payable	Accrued Benefit At Age 65	Single Life Benefit Payable		
1997	54.83	15.58	111,481	7,575	7,804	126,859	N/A	N/A	18,276	18,093		
1998	55.83	16.58	126,859	8,234	8,680	143,974	20,082	11,283	18,276	18,276		
1999	56.83	17.58	143,974	7,814	10,078	161,867	21,300	12,988	18,276	18,276		
2000	57.83	18.58	161,867	7,814	8,475	176,158	22,380	14,814	18,276	18,276		
2001	58.83	19.58	176,158	7,814	7,046	191,018	23,419	16,374	18,276	18,276		
2002	59.83	20.58	191,016	7,814	7,641	208,471	24,418	18,040	18,276	18,276		
2003	60.83	21.58	208,471	7,814	8,269	222,545	25,379	19,634	18,276	18,276		
2004	61.83	22.58	222,545	7,814	8,902	239,281	26,302	21,772	18,276	18,276		
2005	62.83	23.58	239,281	7,814	9,570	256,646	27,190	23,870	18,276	18,276		
2006	63.83	24.58	256,646	7,814	10,266	274,726	28,044	26,128	18,276	18,276		
2007	64.83	25.58	274,726	1,266	1,832	277,814	28,885	28,573	18,276	18,276		
2007.1667	65.00	25.78	277,814				28,998	28,999	18,276	18,276		

## Assumptions:

Salary Increases 0.00%  
 SSWB Increases 0.00%  
 401(a)(17) Limit Increases 0.00%

Cam0548ATT 7/7/2001